

Illinois Credit Union Uncovers Undisclosed Property During Prefunding Quality Control Using DataTree[®] with FlexSearch[™]

The Real Estate Owned (REO) Schedule of the mortgage loan process instructs the borrower to list the property already owned by a borrower. The REO schedule is the other half of understanding a borrower's assets, along with the personal financial statement. The basic information found on the REO Schedule typically includes — property name, address, property type, current loan balance, market value, monthly expenses and monthly income.

Challenge

A member of the Illinois-based credit union purchased a small house for his son to live in while attending college in Northern California. The house was purchased in the past sixty days, paid for without a loan — all in cash. Now the credit union member applies for a refinance loan on the family home in Illinois. When completing the loan application, the member decides not to disclose the property recently purchased in California on the REO Schedule. He believes that since he paid cash, it should not impact the refinancing of his family home in Illinois. However, the property's associated taxes, insurance and homeowners association (HOA) fees can have a potential impact on the member's debt to income ratio (DTI). How does the credit union uncover the undisclosed property?

Solution

As part of the prefunding quality control process, Samantha, a quality control analyst, routinely uses DataTree with FlexSearch to search billions of recorded document images. Upon entering the "members full

name" in FlexSearch, a nationwide search of billions of recorded documents revealed that the member was listed as the Owner/Borrower on the Grant Deed for the property located in California. Samantha immediately flagged this refinance loan application for escalated review.

Results

DataTree with FlexSearch provided insight that the credit union was not able to easily obtain during the review of the refinance loan that did not include the cash based mortgage transaction on the REO Schedule. Cash transactions do not create a MERS record and don't require credit. These transactions are also not easy to spot through mortgage fraud tools due to the absence of credit header data, plus the fact that the cash transaction incurred and was recorded in another state. DataTree with FlexSearch was able to identify the undisclosed cash transaction that could have increased the loan risk to the credit union..

Verifying Mortgage Application Information? DataTree with FlexSearch Can Make the Undisclosed Disclosed.

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